

Sugar & Gur Domestic & International Fundamentals**Recent updates.**

- Sugar prices gained in the key spot market whereas gur declined yesterday with cues from govt over potential exports of sugar.
- A delegation led by Sharad Pawar, comprising representatives from the private and cooperative industry, will seek the Centre's intervention to mitigate the sugar crisis in the upcoming meeting with PM. The industry will demand an increase in export limit to 8 million tonnes in the next 18 months, considering a record production of 32 million tonnes in crushing seasons of 2017-18 and 2018-19, leaving (higher) inventory of 11 million tonnes
- The industry will press for a rise in sugarcane incentive (for export) to Rs 100 per tonne from the present Rs 55 per tonne, rise in ethanol procurement price by oil companies to Rs 55 per litre from Rs 40.85 per litre, and introduction of quarterly sugar release mechanism in order to curb distress sale.
- Further, the industry wants that direction from the Centre to Reserve Bank of India and National Bank for Agriculture and Rural Development to grant the much needed working capital term loan to sugar factories, so that they can participate in the next year's crushing season.
- On the GST council proposal of imposition of cess on sugar under the direction of food ministry, group of ministers to seek opinion of the law ministry over the legality of such decision. The ministerial want to know whether GST council has the power to impose such cess. Once the law ministry give clearance on the legality the GST council will enforces cess. Further there has been also a report to be submitted by food ministry to ministerial group on the utilization of the fund collected from such cess. The next meeting of ministerial group is on June 3rd.
- Prior to GST roll out on July 1, 2017, a cess was levied and collected under the Sugar Cess Act, 1982, as duty of excise for the purpose of the Sugar Development Fund.
- From the international front, in the sugar week held in New York, most of the traders are having view of the sugar prices at ICE to fall and to trade in single digit in upcoming months. The analyst opined that we have headed towards second surplus year with analyst expecting largest overhang. ISO has said that the consumption will be at the slowest pace this year since 2000 and that will compound the glut.
- Platts kingsman opined that further fall will depend on India's sugar exports and South American weather outlook and mostly be the drought in Brazil that can change the outlook.

Previous updates.

- A Group of State Finance Ministers, headed by Assam's Himanta Biswa Sarma, is likely to meet this week to evolve a consensus on the proposal before taking it to the Goods and Service Tax (GST) Council for a final decision. The cess will be used to create a fund, which will enable the Centre to make prompt interventions to protect the interests of farmers, in view of the extreme cyclical nature of industry. The proposal envisages the "imposition of cess at a rate not exceeding ₹3 per kg on supply of sugar" (over and above the GST at 5 per cent).
- The imports of 30,000 quintal sugar from Pakistan has further added to the glut and the government is questioning the need of doing so. Pakistani sugar is Rs 1 cheaper than Indian sugar. Political parties are opposing selling of imported sugar in Mumbai market.
- In the international market supplies glut is indicating the ICE sugar prices may go towards single digit. Any bulls can only emerge from the weather premiums esp on going drought period in south brazil.
- With export subsidies offered by Pakistan govt Pakistan continued to dump there surplus stock in the international market and thus is expected to post a record exports this year.

- Meanwhile Thailand has decided to cut its exports of sugar by 500,000 thd tons and direct towards the production of ethanol to be consumed domestically. The surge in crude oil prices has resulted in rice in demand of ethanol and thus millers is expected to direct there surplus stocks toward the production of ethanol.
- Office of Cane and Sugar Board has approved first lot this year and there are potential for further allocations. Thus this can help in some way decline in the global sugar stocks. The office has estimated the production of 14.3 million tons of sugar of which 2.3 million tons will be domestically consumed and rest will be exported.
- USDA has estimated an all-time high sugar production of 185 million tons and independent research agency JSG is forecasting US Sugar to fall to 8 cents. In repercussion there is good chance the Indian sugar can fall to INR 2200-2300 per quintal this season.
- In Thailand the ethanol is being produced by Cassava, Molasses and raw sugar. With Cassava prices running high, there is increased volume of molasses and raw sugar channelized towards the production of ethanol.
- Similarly the Brazilian ethanol producers are also targeting sugar as raw material for the ethanol production.
- With rise in Chinese production, China is expected to import low this season and which is adding to global end stocks. All is going to depend on the quantum of sugar directed towards the ethanol or the prices is expected to plummet to multi year lows.
- In a public notification issued by Ministry of consumer affairs, food and public distribution has given export quotas of 20 lakh tons of all grades of sugar. The ministry has issued a list mill-wise Minimum Indicative Export Quotas for sugar season 2017-18 by exercising sugar control order of 1966.
- Further, to facilitate and incentivise the export of surplus sugar by sugar mills, the government has allowed the Duty-free Import Authorisation (DFIA) Scheme in respect of sugar.
- From domestic front the higher stocks of sugar has helped prices to further fall and the ex-mill prices are being quoted low by 30-40 rupees low from yesterday close. Millers are finding it difficult to dispose surplus stocks in the market as season demand is low at this time.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 15-05-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (C1)	-	2712	2712	2712	2712	-	10
Spread	Cont Mar (C1)						
Spot	-	-	-	-	-	-	
	-	-	-	-	-	-	

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts

NCDEX Stock & Fed Position					
Stocks	Grade	Demat	In-Process	Total	FED
		14-May-18	14-May-18	14-May-18	14-May-18
Delhi	M	-	-	-	-
Sangli	M	-	-	-	-
Sholapur	M	-	-	-	-
Kolhapur	M	-	-	-	-
Belgaum	M	-	-	-	-
Delhi	S	-	-	-	-
Sangli	S	-	-	-	-
Sholapur	S	-	-	-	-
Kolhapur	S	50	0	50	50
Belgaum	S	-	-	-	-

Sugar Futures ICE& LIFFE as on 14 th May,2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
July-18	11.22	11.28	11.16	11.26	0.04
Oct-18	11.60	11.65	11.52	11.64	0.04
Mar-19	12.64	12.64	12.52	12.64	-0.01
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Aug-18	320.80	322.10	320.10	321.10	0.40
Oct-18	316.40	317.10	315.40	316.60	0.90
Dec-18	324.40	324.70	323.10	324.50	0.70

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-May-18	14-May-18	
Delhi	Delhi	M-Grade	2825	2800	25
	Delhi	S-Grade	2805	2780	25
Uttar Pradesh	Khatauli	M-Grade	2750	2700	50
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2600	2600	Unch
	Dhampur	S-Grade Ex-Mill	2580	2580	Unch
	Dhampur	L-Grade Ex-Mill	2650	2650	Unch
Maharashtra	Mumbai	M-Grade	2940	2940	Unch
	Mumbai	S-Grade	2680	2660	20
	Nagpur	M-Grade	2725	2725	Unch
	Nagpur	S-Grade	2625	2625	Unch

	Kolhapur	M-Grade	2600	2600	Unch
	Kolhapur	S-Grade	2500	2500	Unch
Assam	Guhawati	S-Grade	2801	2801	Unch
Meghalaya	Shillong	S-Grade	2820	2820	Unch
Andhra Pradesh	Vijayawada	M-Grade	3060	3060	Unch
	Vijayawada	S-Grade	3000	3000	Unch
West Bengal	Kolkata	M-Grade	NA	NA	-
Tamil Nadu	Chennai	S-Grade	2800	2800	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	-
	Ambikapur	S-Grade (Without Duty)	NR	NR	-
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			15-May-18	14-May-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2553	2613	-60
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	4000	-1500
	Muzaffarnagar	Khurpa (Fresh)	2350	2325	25
	Muzaffarnagar	Laddoo (Fresh)	2475	2500	-25
	Muzaffarnagar	Rascut (Fresh)	2178	2113	65
	Hapur	Chaurasa	2225	Closed	-
	Hapur	Balti	2250	Closed	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NR	NR	-
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur/Vijayapura	Achhu	2885	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NR	NR	-
	Mahalingapura	Penti (Average)	NA	2698	-
	Mandya	Achhu (Medium)	3550	3550	Unch
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3150	3150	Unch
	Mandya	Yellow (Medium)	NA	3300	-
	Shimoga/Shivamogga	Achhu (Average)	3750	NR	-

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		15-May-18	8-May-18	15-Apr-18	15-May-17
Sugar S Grade					
Erode	-	NA	NA	NA	3995
Kolhapur	-33.01	2537	2596	2795	3787

Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-32.18	2635	2745	2895	3885
Erode	-	NA	NA	NA	4070
Kanpur	-34.02	2707	2754	2938	4103
Kolhapur	-32.23	2626	2694	2902	3875
Kolkata	-31.88	2810	2933	3038	4125
Muzaffar Nagar	-33.15	2628	2678	2850	3931
*NA: Not Available					

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		14-May-18	7-May-18	14-Apr-18	14-May-17	14-May-18
May-18	-17.64	1942	1967	1765	2358	67.31
Jul-18	-24.00	1698	1701	1782	2234	
Oct-18	-22.98	1755	1756	1817	2279	
(Source: Reuters) * Today – figures are a day ago Quotes.						

International Sugar Futures LIFFE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		14-May-18	7-May-18	14-Apr-18	14-May-17	14-May-18
Aug-18	-24.90	2161	2155	2211	2878	67.31
Oct-18	-23.99	2131	2144	2189	2803	
Dec-18	-22.09	2184	2187	2219	2803	
(Source: Reuters)* Today – figures are a day ago Quotes.						

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